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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00



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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**

SEC Mail Processing  
Section

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SEC FILE NUMBER
8- 68080

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/09 AND ENDING 12/31/09  
MM DD YY MM DD YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HGP SECURITIES, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

110 E. SCHILLER STREET, SUITE 224

(No. and Street)

ELMHURST

IL

60126

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

CHRISTOPHER MCCORD

312-276-5180

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

JOHN R. WATERS & COMPANY

(Name - if individual, state last, first, middle name)

123 N. WACKER DRIVE, SUITE 1550

CHICAGO

IL

60606

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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JD  
3/8/01

## OATH OR AFFIRMATION

I, CHRISTOPHER MCCORD, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HGP SECURITIES, LLC, as of DECEMBER 31, 20 09, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Vesteria Whitlow

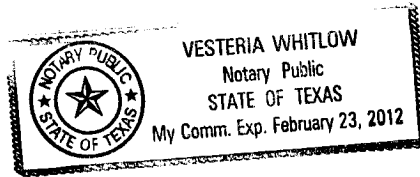
Signature

FINOP/CFO/VP

Title

Vesteria Whitlow

Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

*\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

**C O N T E N T S**

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Financial Statements:

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Statement of Operations .....	Exhibit II
Statement of Changes in Members' Equity .....	Exhibit III
Statement of Cash Flows .....	Exhibit IV
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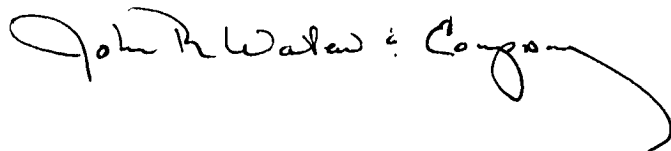
## INDEPENDENT AUDITORS' REPORT

To the Members of  
HGP Securities, LLC

We have audited the accompanying statement of financial condition of HGP Securities, LLC (A Limited Liability Company) as of December 31, 2009, and the related statements of operations, changes in members' equity, and cash flows for the year ended December 31, 2009 that you are filing pursuant to Rule 17a-5 of the Securities and Exchange Commission. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of HGP Securities, LLC (A Limited Liability Company) as of December 31, 2009 and the results of its operations and its cash flows for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.



Chicago, Illinois  
February 18, 2010

**JRW  
&CO**  
CERTIFIED  
PUBLIC  
ACCOUNTANTS

**JOHN R. WATERS & COMPANY**  
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Chicago, IL 60606  
Phone 312 554 3400 Fax 312 554 3401  
www.jrwaters.com  
825 Green Bay Road, Suite 100  
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Phone 847 251 2010 Fax 847 251 2097

**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2009

ASSETS

CURRENT ASSETS:

Cash	\$13,138
Prepaid expenses	<u>3,108</u>

TOTAL CURRENT ASSETS	16,246
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OTHER ASSETS

Deposits	<u>381</u>
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TOTAL ASSETS	<u>\$16,627</u>
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 1,131
Due to affiliate	<u>2,815</u>

TOTAL CURRENT LIABILITIES	3,946
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MEMBERS' EQUITY (Exhibit III)	<u>12,681</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$16,627</u>
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The accompanying notes are an integral part of this statement.

**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUE	\$ <u>          -</u>
OPERATING EXPENSES:	
Professional and compliance	5,503
Rent	816
Office supplies and expense	123
Telecommunications	16
Consulting	150
Licenses and registrations	552
Insurance	415
Bank charges	<u>275</u>
 TOTAL OPERATING EXPENSES	 <u>7,970</u>
 NET LOSS	 <u><u>\$(7,970)</u></u>

The accompanying notes are an integral part of this statement.

**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

MEMBERS' EQUITY - BEGINNING OF YEAR	\$ 20,651
Net income (loss) (Exhibit II)	<u>(7,970)</u>
MEMBERS' EQUITY - END OF YEAR (Exhibit I)	<u>\$ 12,681</u>

The accompanying notes are an integral part of this statement.



**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009

CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES:

Net income (loss)	\$(7,970)
Changes in operating assets and liabilities:	
Deposits	1,282
Prepaid expenses	(3,108)
Accounts payable	1,131
Due to affiliate	<u>2,815</u>
 NET CASH (APPLIED TO) OPERATING ACTIVITIES	 <u>(5,850)</u>
 NET DECREASE IN CASH	 (5,850)
 CASH - BEGINNING OF YEAR	 <u>18,988</u>
 CASH - END OF YEAR	 <u>\$13,138</u>

The accompanying notes are an integral part of this statement.

**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Operations**

HGP Securities, LLC (the Company), formed under a certain Operating Agreement dated April 9, 2008, is a fully disclosed broker-dealer and, as of September 22, 2009, is a member of the Financial Industry Regulatory Authority (FINRA). The Company provides capital raising services and merger and acquisition advisory services to companies in the health-care industry.

**Summary of Significant Accounting Policies**

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition – The Company recognizes gross revenues from capital raising services and merger and acquisition advisory services when the earnings process is substantially complete in accordance with the contract for the services provided.

**NOTE 2 – RELATED PARTY TRANSACTIONS**

The Company has entered into an expense sharing agreement related to office costs, such as rent, utilities, and other miscellaneous office expenses with another company related through common ownership. The expense sharing agreement stipulates that the Company is liable for approximately 25% of these costs. The Company has the option to renew the agreement on an annual basis. At December 31, 2009, the Company owed the affiliate \$2,815 for expenses advanced on behalf of the Company.

**NOTE 3 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires that the Company maintain minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1. In 2009, the Company had a minimum net capital requirement of \$5,000. Net capital and aggregate indebtedness change from day to day, but at December 31, 2009, the Company had net capital of \$9,192, which was \$4,192 in excess of its required net capital of \$5,000. The Company's net capital ratio was .43 to 1.0 at December 31, 2009.

**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**NOTE 4 - INCOME TAXES**

The financial statements do not include a provision for federal income taxes since the members recognize their proportionate share of the Company's income or loss on their individual tax returns. However, the Company remains liable for state replacement tax for the portion of income or loss allocated to those members that are exempt from the state's replacement tax reporting requirements. No provision for state replacement tax was required in 2009.

**NOTE 5 - SUBSEQUENT EVENTS**

All material events from December 31, 2009 through the date these financial statements were issued, which is the date of the Auditors' Report, have been either disclosed or adjusted in the financial statements.

SUPPLEMENTARY INFORMATION  
Pursuant to Rule 17(a)-5 of the  
Securities Exchange Act of 1934

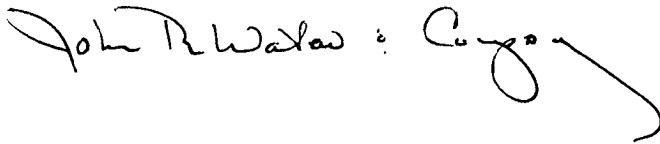
DECEMBER 31, 2009

The accompanying schedule is prepared in accordance with the requirements and general format of  
FOCUS Form X-17 A-5.

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Members of  
HGP Securities, LLC

Our report on our audit of the basic financial statements of HGP Securities, LLC (A Limited Liability Company) for December 31, 2009 appears on page 1. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, presented in Schedules A and B, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Chicago, Illinois  
February 18, 2010

**JRW  
&CO**  
CERTIFIED  
PUBLIC  
ACCOUNTANTS



**JOHN R. WATERS & COMPANY**

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**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

COMPUTATION OF NET CAPITAL  
(Under Rule 15c3-1 of the Securities and Exchange Commission Act of 1934)

DECEMBER 31, 2009

NET CAPITAL:

Total members' equity (Exhibit III)	<u>\$12,681</u>
Deductions:	
Non-allowable assets:	
Deposits	381
Prepaid expenses	<u>3,108</u>
Total deductions	<u>3,489</u>
NET CAPITAL	9,192
MINIMUM NET CAPITAL REQUIREMENT	<u>5,000</u>
EXCESS NET CAPITAL	<u>\$ 4,192</u>
AGGREGATE INDEBTEDNESS	
Total liabilities	<u>\$ 3,946</u>
Ratio of aggregate indebtedness to net capital	<u>.43 to 1.0</u>

Pursuant to Rule 17a-5(d)(4), no material differences were noted from the Company's computation; therefore, a reconciliation is not considered necessary.

The accompanying notes are an integral part of this statement.

**HGP SECURITIES, LLC**  
**(A Limited Liability Company)**

**COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS  
UNDER THE SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3  
AND INFORMATION RELATING TO THE POSSESSION OR CONTROL  
REQUIREMENTS UNDER SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3**

**DECEMBER 31, 2009**

The Company is not required to file the above schedules as it is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(i) of the rule and does not hold customers' monies or securities.

The accompanying notes are an integral part of this statement.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

To the Members of HGP Securities, LLC

In planning and performing our audit of the financial statements and supplemental schedules of HGP Securities, LLC (A Limited Liability Company) for the year ended December 31, 2009, we considered its internal control including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including test of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under SEC Rule 17a-3(a) (11).
2. Procedure for determining compliance with the exemptive provisions of SEC Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to the customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of the Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraphs.



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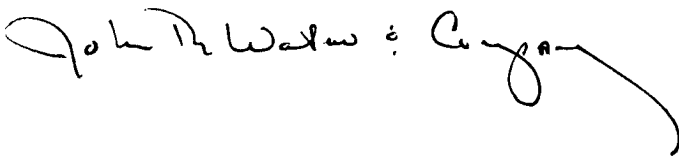
Because of inherent limitations in internal control of the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of specific internal control components does not reduce to a relative low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure that we consider to be material weaknesses as described above.

These conditions were considered in determining the nature, timing and extent of procedures performed in our audit of the financial statements for the year ended December 31, 2009 and this report does not affect our report thereon dated February 18, 2010.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Securities and Exchange Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2009 to meet the Securities and Exchange Commission's objectives.

This report is intended solely for the information and use of the members, management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA), and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "John R. Watson : Cuyana". The signature is fluid and cursive, with a long horizontal line extending from the end.

Chicago, Illinois  
February 18, 2010